



**FOR IMMEDIATE RELEASE:**

## **TSG's Northeast Acquirers Association Recap**

**OMAHA, Neb., January 23, 2015** – TSG attended the Northeast Acquirers Association (NEAA) conference in Boston this week, which was very well attended. Boston served as host to the event after being held in Mt. Snow, VT for over a decade. Some highlights and key observations included:

- ISOs and acquirers are quite certain that very few small business will be prepared (let alone even aware) of the EMV liability shift occurring in October 2015. Many believe that merchants will weigh the pros and cons of investing in EMV-capable terminals and decide to take the risk of a loss. However, the liability shift certainly creates a revenue opportunity for ISOs and acquirers that should not be missed. In fact, many attendees anticipate some processors and acquirers to experiment with EMV non-compliance fees.
- Even though “chip & signature” will be initially implemented this year, lessons learned from Europe and Canada show that it won’t take long for consumers to figure out the “chip & PIN” process. Chip & PIN provides enhanced counterfeit and fraud security, and many believe will ultimately become standard practice in the U.S.
- Holli Targan provided insight on new terms and conditions that are required by the Associations in all merchant processing agreements.
- Tom Pojero of American Express provided insight on the newly implemented OptBlue program and most acquirers and ISOs are still trying to figure out how to implement the new pricing with merchants. After June 2015, OptBlue will be Amex’s only program offering to acquirers (no more ESA or OnePoint).
- Jared Issacman took a break from serving as an adversary pilot against Navy and Air Force fighter squadrons (over 500 hours this past year) to provide insight on how ISOs can maximize the value of their portfolios when the timing is right to execute an exit strategy. He believes that Buyers’ access to cheaper capital allows for higher multiples to be paid in today’s market. However, valuations are still based on cash flow, which is most impacted by strong sales production, low attrition, and overall merchant “stickiness.”
- The ETA (via CEO Jason Oxman) continued with its presence and partnership with the regional acquirer shows and provided insight on the ETA’s efforts on educating the Federal and State governments on key issues impacting our industry. For example, the ETA was successful in killing the California bill to mandate EMV standards for its states merchants. Oxman also provided a great analysis on how Operation Choke Point impacted financial institutions’ views on serving OCP’s target merchant targets. In this case, it was much easier to terminate serving the targeted segments than take up a costly legal battle with the Fed.



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- Regarding mobile payments, most attendees believe Apple Pay implemented their strategy well, however, few small businesses are demanding the supporting terminal equipment/software to be able to accept Apple Pay. Most attendees believe that Apple and Google will be the last-standing mobile wallets. There was some discussion that the EMV “dip” will slow down the check-out process and will ultimately accelerate the implementation of Apple Pay at the point-of-sale.

#### **About TSG**

*The Strawhecker Group (TSG) is a management consulting company focused on the payments industry. The company specializes in providing financial institutions, merchant acquirers, card associations, ISOs, processing companies, large merchants, and the investment community with advisory services to maximize their growth and profitability. TSG is also a source of consumer spending data, industry research, benchmark studies and developing trends. For more information please visit [www.TheStrawGroup.com](http://www.TheStrawGroup.com).*